

## **Mark Grolman**

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**Deutsche Bank**



"Kohlenberg, Kerstin" <Kerstin.Kohlenberg@zeit.de> 

May 13, 2009 2:03 PM

To: DEEPA

AW: Links to Articles

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Hi Deepak,

oh yes, I read them and after that went to your scribt-page and read everything that is there.

What you discovered at Deutsche Bank in regards to almost 100percent loans and the connection to bonuses is exactly what apparently happened at Hypo Real Estate (only that they offered 160 percent commercial real estate loans which in German is actually against the law. I am researching that story right now) so I am a little familiar with the topic. I just did a story about Merkel and her advisers and how badly their bank-overview functions. (<http://www.zeit.de/2009/15/DOS-Kanzleramt>)

I believe what you discovered in a heartbeat. I think your demands for better risk management and a different incentive structure need more audience - and connected with that very case that you are presenting, it would make a big, big story. I write 8000 word features (kind of like a New York times Magazine Story) and I would very much write about you and the case you are making. There are a lot of people out there that demand change, but there is you who can show how rotten the system still is, and how the managers say one thing to the media and something else to people like you.

The fact that your letter was ccd to Angela Merkel makes it even more interesting, because I could confront her with it, and ask about her real interests in changing the system ( like she said on the G20 summit)

So any clue when you will be back in New York?

Kerstin

-----Ursprüngliche Nachricht-----

Von: DEEPAK MOORJAN

Gesendet: Mi 13.05.2009 18:50

An: Kohlenberg, Kerstin

Betreff: Links to Articles

Hi Kerstin,

Have you read these articles? If so, I'd welcome your thoughts.

A.

B.

Deepak

On May 14, 2009, at 12:57 AM, Kohlenberg wrote:

Deepak,

That's really unfortunate. When so you come back to the States?

Kerstin

Am 13.05.2009 17:51 Uhr schrieb "DEEPAK MOORJANI" unter

Hi Kerstin,

Unfortunately, I am stuck in Asia. Hearings are discontinuous, and I'm not sure when the next hearing will be. The April hearing was public, but most are closed hearings (including this Friday's hearing).

I'll recommend that we "meet" via videoconference. It's the next-best alternative and better than a phone call. Maybe even this weekend.

Thanks,  
Deepak

On May 14, 2009, at 12:10 AM, Kohlenberg wrote:

Hi Deepak,

Thanks again. Just two quick questions in order to plan my trip next

②

Deepak Moorjani  
02/08/2007 03:09 PM

To: Michael Cohrs/DMGIB/DMG UK/DeuBa@DBEMEA  
cc:  
Subject: Via Jun

Hi Michael,

Yes, I was. Bonus day turned into a bigger distraction than imagined. Apologies for the delay.

I've convinced the sponsor of a large JREIT to go private in an MBO transaction. It's fairly large transaction (\$1.7-1.8 billion), and if necessary, I would like to get your advice if we hit any major hiccups. Currently, we do not have any major issues, but I wanted to introduce myself well in advance in the event that I need some advice.

Thank you.

Deepak Moorjani  
Deutsche Securities Inc.

Sanno Park Tower | 2-11-1 Nagata-cho | Chiyoda-ku, Tokyo 100-6171  
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Michael Cohrs/DMGIB/DMG UK/DeuBa@DBEMEA

①

Michael Cohrs/DMGIB/DMG  
UK/DeuBa@DBEMEA  
02/05/2007 10:54 PM

To Deepak Moorjani/db/dbcom@DBAPAC

cc

Subject

I think you were trying to reach me--how can I help?



satyagraha  
February 4, 2009

## PERSONAL AND CONFIDENTIAL

Mr. Michael Cohrs  
Mr. David Hatt  
Deutsche Bank Group  
Sanno Park Tower, 2-11-1 Nagatacho  
Chiyoda-ku, Tokyo 100-6171

Gentlemen,

This letter to management represents my continuing attempt to improve the inadequate governance structures and lax internal controls within Deutsche Bank. Beginning in 2006, my due diligence revealed management failures and also inconsistencies between our internal actions and our external statements (e.g. "This is a very undermanaged firm. Shareholders should be p\*ssed," Moorjani, November 2006 internal email). While some of this commentary may have offended powerful interests internally, it is in our best interest to address these issues proactively. Unfortunately, management sought to keep its failures hidden while paying itself large "performance-based" compensation. Since management repeatedly chose to avoid this conversation, I decided to pursue public interest litigation in Tokyo District Court (Case #4109) in February 2008 with the assistance of Yasushi Higashizawa, a brilliant litigator based in Japan. In this case, we are not seeking damages, but we are seeking (i) to illuminate the inner workings of our firm to its stakeholder base of customers, employees and shareholders and (ii) to prevent abuses of power by management.

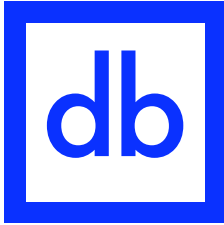
## SITUATION OVERVIEW

While management projected 8 billion euros in net income for 2008, management recently announced a fourth-quarter net loss of 4.8 billion euros (\$6.4 billion) with a loss of 3.9 billion euros for the full year. The fourth quarter loss "was the biggest loss in Deutsche Bank's 140-year history . . . the fourth-quarter figures paint a different picture, no longer portraying Deutsche Bank as a sound institution, but as one that took far too many risks. As a bank that speculated not just for its clients but for itself and at its own risk, that acted like a hedge fund -- and ended up losing . . . The team of bankers working for the charismatic Anshu Jain, co-head of Deutsche's investment banking unit, wiped out a total of roughly €8.5 billion (\$11.2 billion) before taxes." (Der Spiegel, January 2008). For perspective, €8.5 billion is equivalent to 86.7% of our € 9.8 billion market capitalization; it is also 42.6% of the €20.0 billion of total net income earned by the firm in 2003-2007 and 115% of the €7.4 billion in total net income earned by the firm in 2003-2005.

*Despite its public failures, our entrenched management team still denies the need to address the core issues of structure and compensation.* The ego-driven refusal to pursue a proactive restructuring damages the interests of our stakeholders. Continued inaction is not acceptable, as management will likely (i) pursue a partial or full nationalization, or (ii) raise outside funds on terms and conditions that will prove highly dilutive and onerous for shareholders. "We expect a year-end Tier 1 ratio of around 10% and a core Tier 1 of around 6.7% proforma. This compares with in excess of 12% and 9% for Credit Suisse and UBS. Thus despite management's strong statement that DBK will not raise additional equity we believe the shares will reflect a discount . . . To raise core Tier 1 to 9% similar to Swiss peers, we estimate that DBK would need around EUR 7bn of additional common equity, more than half the current market capitalisation." (Source: Nomura International plc, January 2009).

While publicly denying the need for government assistance, management is already pursuing this route. In the renegotiated but still overpriced Postbank deal, "German postal and logistics company Deutsche Post will get a stake of around 10 percent in Deutsche Bank. Deutsche Post is 31 percent-owned by the German government via state development bank KfW, so the government will effectively end up owning three percent of Deutsche Bank." (Der Spiegel, January 2009).

就労請求



We need to have an honest dialogue on the following questions (i) Do we have the right management team in place? (ii) Do we have a system of checks and balances to align interests between managers and shareholders? and (iii) How do we improve the inadequate governance structures and lax internal controls? These questions are important to shareholders, as our stock has fallen more than 75% in the past year. These questions are important to employees, given the internal discussions to shrink the 80,000+ person worldwide workforce by as much as 30%.

#### STRUCTURE AND COMPENSATION

In my opinion, shareholders should be furious, since our poor results are not caused by an external “crisis” but from unfettered risk-taking, poor incentive structures and the lack of a system of checks-and-balances. As a Deutsche Bank employee, I believe our poor results are a “management debacle;” management took too much risk, failed to manage this risk, and broke too many laws and regulations. As Warren Buffett says, “The banks exposed themselves too much, they took on too much risk . . . It's their fault. There's no need to blame anyone else.”

Within our firm, there is a strong economic disconnect between management and shareholders, and the culture of Other People's Money (“OPM”) is highly contributory to our losses. In our firm, management has “eviscerated the concept of moral hazard” and systematically adopted pay schemes that reward excessive risk-taking despite the long-term implications. While management has publicly downplayed its failures (“As late as November [2007], Ackermann signaled he saw no further writedowns and stood by his 2008 pretax profit goal of 8.4 billion euros, a target that has since been quietly dropped.”), management used its informational advantage to justify large compensation packages to its top managers despite a stated pay-for-performance culture (a recent Financial Times article explained “It was also revealed that “Deutsche paid €97.1m in 2007 to six members of its global executive committee, compared with €99.7m in 2006. The committee members include Deutsche's top investment bankers such as Anshu Jain, head of global markets, and Michael Cohrs, head of global banking.”).

While stakeholders have a right to be furious, shareholders have failed to impose a system of accountability on an entrenched management team. My fellow shareholders have not responsibly exercised their rights and obligations as owners of the company. Here's an example: at the Annual General Meeting in May 2008, voting shareholders approved all of management's proposals (TOP 1-11), and except for TOP 11, each of these proposals garnered more than 95% of the vote. (“Around 6,000 shareholders attended the Annual General Meeting with a total of 33.2 per cent of voting capital present.”) Perhaps this outcome reflected the mistaken consensus at the time. The Wall Street Journal quoted an analyst who said: “Investment banking contributes most of the bank's revenues and is rightly the main pillar of the bank's business model. I don't see a reason to sell it, and with a pretax return on equity of above 25%, including bonuses, it's quite successful. Even though times are difficult right now for investment banking, it will recover, although that may take longer than expected.” (April 2008)

At the same meeting, shareholders had an opportunity to demand greater transparency and accountability from management via shareholder-submitted proposals. Insulated from democratic accountability, management opposed all shareholder-submitted proposals (TOP 12-19), and as a result, none of these proposals garnered more than 5% of the vote. What exactly were these proposals? These proposals included (i) “Instruction to the Management Board to make all preparations to spin off investment banking business within two years,” and (ii) “Application for resolution on the performance of a special audit pursuant to § 142 (1) German Stock Corporation Act to investigate the question of whether in the years 2003 to 2007, in breach of duties of care, bonuses were paid to employees and executives which, subject to careful consideration of the legal risks arising out of the transactions for which the bonuses were paid, should not have been granted or, if at all, only with a clause allowing them to be called back.”

就労請求



If the shareholder vote were held today, more shareholders might elect to vote, and shareholders might not blindly follow management's instructions. The question remains, why have we given management a monopoly to formulate restructuring proposals, and why have we failed to install a system of checks and balances that would minimize the principal-agent problem?

#### SOLUTIONS

"We have always known that heedless self-interest was bad morals; we know now that it is bad economics." (Franklin Roosevelt, 1937). As many of our competitors have directly and indirectly admitted, the asymmetric incentive structure is fundamental to our problems. Perhaps the Supervisory Board should accept blame for its failure to evaluate risk and its failure to impose accountability on management. As shareholders, we have a continual opportunity to address the cowboy culture by addressing the incentive structure. While there are many opinions on how to align incentives, shareholders should examine the structure typically demanded by investors in the world of private investment funds. In my opinion, investors in private investment funds negotiate terms and conditions which better align incentives between principal and agent where (i) managers have downside risk given their personal investments in the fund, typically 1-5% of the total capital (ii) bonuses ("carried interest") are paid as a percentage of actual profits paid to investors (iii) bonuses are calculated over a multi-year period after investors receive a "preferred return" and (iv) managers must return any premature bonuses to investors when future losses are incurred (bonuses are "clawed back").

As an investor, it would have been simpler (and more profitable) to utilize my due diligence by buying equity put options on our firm's shares; however, I felt and feel a sense of loyalty to be part of a constructive solution. Gandhi says it well: "We must be the change we wish to see in the world." In reality, our balance sheet is weak, and we have a limited ability to generate sufficient earnings through our operations. As management's failings become more obvious to the outside world, people are correctly raising concerns that our balance sheet will need to be repaired. "To raise this [core Tier 1] to 9.0%, still less than the de-risked Swiss banks, would require cEUR 6.2bn of common equity in the event of no dividend being paid for 2008. This represents 37% of the current market capitalisation, justifying why Deutsche Bank trades at 67% of tangible book." (Source: Nomura, Oct 31, 2008)

Sometimes, big problems can result from seemingly small problems, and it is in our best interests to address these issues proactively. We have a moral responsibility to each other, and we have a fiduciary responsibility to our investors. "Delay is no longer an option. Denial is no longer an acceptable response." *Please join me in this conversation. Together, we can make a difference.*

Sincerely,

*Deepak Moorjani*

東京都千代田区永田町2丁目11番1号

cc: Hugo Banziger, Deutsche Bank AG,  
Anshu Jain, Deutsche Bank AG  
Peer Steinbrück, Federal Minister of Finance, Germany  
Joseph Stiglitz, Columbia University



### COMMERCIAL REAL ESTATE LENDING: A Study in Irrational Risk-Taking

The Japan office, the worst-performing office within DBG, offers a case study. According to reports released on February 13, 2007, Mr. Hatt officially joined Deutsche Bank as "Regional CEO and Chief Country Officer for Deutsche Bank Group in Japan, responsible for coordinating the Group's business activities." Mr. Hatt joined Deutsche Bank with a 2-year guaranteed contract which pays approximately €5,000,000 in compensation per year, and Mr. Hatt replaced John T. Macfarlane who resigned as President and CEO in December 2006. Mr. Hatt also assumed P&L responsibility for Global Banking until "the appointment of David Shrenzel as Head of Global Banking, Japan, effective from February 1, 2008. Mr. Shrenzel assumes the post from David Hatt, President & CEO of DSI, who has held the post on an interim basis."

Despite a history of weak performance, Global Banking management made aggressive projections for fiscal 2007. Management committed to grow revenues by 82% to €130,000,000 and to deliver €50,000,000 in NIBBT for this historically unprofitable business. To achieve these goals, management sought to utilize more than €2 billion of capital and sought to increase personnel to more than 150 employees. In 2006, Global Banking only delivered €50,410,000 in revenues with €2,462,000 of NIBBT. In 2005, Global Banking delivered €49,607,000 in revenues with €6,445,000 of NIBBT. Despite increasing personnel from 92 in 2005 to 120 in 2006, fiscal 2006 revenues grew by less than 2%, and NIBBT decreased by more than 60%. (Note: NIBBT = Net Income Before Bonuses and Taxes).

The largest component of Global Banking's 2007 revenue was projected to come from the Commercial Real Estate (CRE) lending business, and management promised to deliver €50,000,000 in CRE revenues in 2007, an increase of 55% from the €32,263,000 of revenues delivered in 2006. Additionally, the CRE lending business was projected to deliver nearly €35,000,000 in NIBBT and to grow personnel from 27 employees in 2006 to 46 employees in 2007. Management sought to deliver its projections for the CRE lending business by aggressive utilization of the Deutsche Bank balance sheet; in January 2007, the Commercial Real Estate lending business utilized €1,578,600,000 of Deutsche Bank assets, approximately 95% of the total corporate finance portion of Global Banking balance sheet.

Internally, management's aggressive use of the Deutsche Bank balance sheet was shocking, and I distributed a summary economic analysis on our commercial real estate lending activities. With limited information, I concluded, "We would generate more profits in the carry trade." This January 2007 email was distributed to several of my colleagues, and my conclusion was simple: our real estate lending activities in Japan did not make economic sense. Our uneconomic activity was not limited to a small pool of capital; at the time, we had nearly €1.6 billion in exposure. Given the illiquidity of these positions as well as the tight spreads, I did not believe that the risk inherent in this lending activity would make sense to a prudent investor.

Even with "unnecessary and excessive" risk-taking in a very favorable environment, management was significantly underperforming as measured by its P&L projections. By mid-2007, Global Banking had delivered approximately €30,000,000 in revenues (less than 25% of its projections) and approximately €1,000,000 in NIBBT (2% of its projections). (Note: Management reports a total Global Banking balance sheet of €2,536,500,000; however, €1,660,900,000 is allocated to corporate finance and €619,900,000 is allocated to Global Transaction Banking, a more stable and profitable business. The component numbers indicate a total Global Banking balance sheet of €2,280,800,000. In its reports, management has left the residual amounts unallocated).



### COMMERCIAL REAL ESTATE LENDING: A Risk Management Failure

A financial institution can generate profits through the careful use of its capital base. With our recent write-downs and attendant balance sheet weakness, we need to reconsider our approach to risk management and capital allocation. Some thoughts and questions include:

- Our lending activities might be considered aggressive. For instance, Deutsche Bank was approached in late 2006 to finance a large transaction by Morgan Stanley. The CRE lending business responded with a proposal to lend JPY 220 billion (approximately \$2.2 billion), nearly 94% of the asset's loan-to-value (LTV). The real estate was being acquired at a going-in cap rate of 2.74%. Given the aggressive pricing, how much of this loan could we have securitized and how much of this loan would necessarily remain on the Deutsche Bank balance sheet? Did management view this as an aggressive proposal? On what economic basis was this considered desirable business? In hindsight, most shareholders would consider this proposal as excessively risky with high leverage, loose covenants, insufficient due diligence and no prospect of profitability.
- Why did management want to grow an unprofitable business? In January 2007, I concluded, "After basic costs, we earn 1.4% ROC (Return on Capital) . . . We would generate more profits in the carry trade." Despite limited information, my conclusion was correct: our real estate lending activities in Japan did not make economic sense. With more information, we understand that this business is actually unprofitable. In 2006, management delivered €32.2 million in revenues with €2.46 million of NIBBT. If we consider a modest cost of capital for the €1.6 billion of capital utilized as well as the guaranteed bonuses, this business lost more than €30 million in 2006. Based on these results, why did management seek to expand this business? With a January 2007 balance sheet of €1.6 billion, the average CRE employee used €58 million of Deutsche Bank assets in order to generate €1.2 million in unprofitable revenue in 2006. How does this constitute a rational use of our balance sheet?
- In 2006, there was already concern about the CRE lending exposure internally ("clean up balance sheet, improve return on risk weighted assets as CRE-Japan is 10% of global RWA, yet just 4% of overall revenues"). One way to "clean up" the balance sheet was to securitize the assets, and one prediction was to "target 4-6 in 2007 . . . JPY 100+ b in securitized issuance is expected." How many securitized transactions were conducted in 2007, and how much was securitized? Why was more than half of our loan volume actually held-to-maturity? In order to win originations, do we systematically underwrite loans on terms and conditions that prevent securitization? If Deutsche Bank gives bonus credit for Net Interest Margin (NIM), might managers have an incentive to hold balance sheet loans to maturity rather than to securitize this risk? Our public statements might indicate that this is an "originate and distribute" business, but the evidence and the incentives structure indicates that it is an "originate and hold" business. Is it more accurate to characterize CRE as a balance sheet lending business rather than as a securitization business?
- How involved was Credit Risk Management (CRM) in the commercial real estate loan origination process? If only personnel from London and New York were involved, would this limit CRM's ability to understand the loans being given to bank clients? How extensive was our portfolio management? Prior to production of the report entitled "CRE Japan, Balance Sheet March 2007," there was no report on our total lending positions; as such, how could anyone have conducted risk management? How often was this type of portfolio report produced? If this was the first portfolio report generated in more than one year, were there other ways for people to track and manage our lending positions?
- The Global Transaction Business delivered €26.6 million in net revenues and €13.5 million in NIBBT. This seems to be a stronger and more stable business which only used €619.9 million of Deutsche Bank balance sheet. Why did management decide to underinvest resources in this business in favor of riskier businesses which consumed large amounts of bank capital?





## ACCOUNTABILITY AND TRANSPARENCY

Shareholders typically seek to reduce the "agency costs" incurred from divergent management-shareholder objectives and information asymmetry. In other words, shareholders seek to minimize the conflicts of interest incurred by having a management team run its business. Two ways to minimize these conflicts of interests are (i) management ownership of shares and (ii) a system of variable compensation which pays managers some portion of shareholder earnings. In our case, members of the Supervisory Board own less than 0.03% (128,073) of Deutsche Bank AG shares. While we reported €6.5 billion of net income after minority interest in fiscal 2007, we have also announced more than €8.5 billion of write-downs in the ensuing months. Still, we "paid €97.1m in 2007 to six members of its global executive committee, compared with €99.7m in 2006. The committee members include Deutsche's top investment bankers such as Anshu Jain, head of global markets, and Michael Cohrs, head of global banking."

We need to reconsider our system of explicitly and implicitly guaranteed compensation for management. In our public documents, we might argue that these contracts are the exception rather than the rule; however, the size of management's compensation contracts needs to be considered. As an example, Global Banking was a money-losing operation in 2005, 2006 and 2007 by any traditional measure of performance, and the division is on track to repeat this performance in 2008 (net income, residual income, etc). David Hatt, Frank Forelle, and Doug Smith have large multi-year guaranteed contracts, and each continues to manage unprofitable businesses which consume more than €2 billion of capital. Despite these failures to perform, these three managers are likely paid more than 25% of the entire Global Banking operation in Deutsche Bank's Japan office.

Given management's failures, is it necessary to guarantee management's compensation? How is this consistent with our public disclosures which claim "a system of performance-related compensation for managers and employees?" Not only do these guaranteed contracts demonstrate a system of asymmetric compensation, but this excessive compensation distorts incentives and destroys morale for the 80,000+ Deutsche Bank employees.

Here are some suggestions to address the issues of structure and compensation

- (i) Eliminate guaranteed employment contracts for management
- (ii) Use ROE rather than NIBBT (net income before bonuses and taxes) as a measure of performance. NIBBT only creates the illusion of profitability because it does not include any charges for capital-usage and for bonus-related compensation; NIBBT fails to measure investor earnings because (i) capital has a non-zero cost, and (ii) bonuses are a non-negligible part of employee compensation.
- (iii) Propose that shareholders, as the owners of the company, have the final approval on management's compensation, via a "say-on-pay" proposal at the annual general meeting
- (iv) Reconsider the independence of the Supervisory Board
- (v) Encourage management to invest more of its wealth in the business in order to eliminate the principal-agent problem. This should be done by management purchases of shares, not extra grants of options or shares. This would help to align the incentives, thereby minimizing the culture of OPM (Other People's Money) within the firm
- (vi) Study and analyze a management buyout of the investment banking business. This is a more aggressive version of (v) and would have the added benefit of insulating shareholders from the highly-variable earnings of the investment banking division

**Richard H. Walker**  
General Counsel



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richard.h.walker@db.com

January 29, 2008

Mr. Gary C. Dunton  
Chief Executive Officer and President  
MBIA Inc.  
113 King Street  
Armonk, NY 10504

Dear Gary:

I have concluded that I should resign from MBIA's Board. I do so with great regret and only after very careful consideration of the interests of both MBIA and Deutsche Bank.

When I joined MBIA's Board in 2006, existing business relationships between MBIA and Deutsche Bank provided no basis to believe that I would be unable to give both institutions my full attention and undivided loyalty. Given the events of the past week, however, I am now in a position where I can no longer be confident that continuing to act on behalf of both institutions will not lead to the possibility of an appearance that I may have reason to favor one over the other on a matter of great importance to both. In these circumstances, my ability to continue to act on behalf of either institution may be constrained. Given the importance of restoring credibility in the marketplace, I would not want my role to become a distraction to ongoing efforts to achieve this goal.

I am proud to have been associated with MBIA, and I would have liked to continue serving on MBIA's Board. I leave the Board with great affection for all my fellow directors and with appreciation for their wisdom and dedication. I would also be remiss if I did not applaud the exceptional MBIA staff. I am confident that this top-flight staff, with the Board's support, will guide MBIA to future successes.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard H. Walker", written in a cursive, flowing style.

---

Richard H. Walker

cc: Members of the Board of Directors

②

Daiki Kajino/db/dbcom  
2007/05/09 19:19

To Tomohiko Kimura/Tokyo/DBJapan/DeuBa@DBAPAC

cc

bcc

Subject Fw: Staff - Privileged & Confidential

Kimura-san

As we discussed in this morning, I explained the current situation to Murakami-san in HR. After that, I arranged conference call with Sunil Madan and it is already fixed on tomorrow at 17:00 (Tokyo Time).

Murakami-san and I will have a conference call with him and ask him about our concerns. If you need to join it, please let me know.

As to investigation of Frank's e-mail for Pipeline issue, I will start it as soon as I obtain Mitch's approval.

Regards,

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----- Forwarded by Daiki Kajino/db/dbcom on 2007/05/09 19:13 -----

①

Mark  
Grolman/Sydney/DBAustralia  
/DeuBa@DBAPAC  
2007/05/09 19:09

To "Dick Walker" <richard.h.walker@db.com>,  
janice.reznick@db.com, rachel.blanshard@db.com,  
jiana.leung@db.com, "Kiyoshi Murakami"  
<kiyoshi.murakami@db.com>, "Andrew Hume"  
<andrew.hume@db.com>, "Daiki Kajino" <daiki.kajino@db.com>,  
"Mr. Tomohiko (Tom) Kimura" <tomohiko.kimura@db.com>

cc

Subject Staff - Privileged & Confidential

PRIVILEGED & CONFIDENTIAL

Below are draft notes of the interview I had with Frank Forelle yesterday.

NEXT STEPS

I suggest for your consideration that the next steps should be:

- (a) we interview Sunil Madan. Tom Kimura has agreed to do that by telephone as soon as possible this week;
- (b) when Deepak Moorjani returns to Tokyo from the US next week, we press him again to produce all evidence he has of any alleged violations or wrongdoing. In the two weeks since he was interviewed he has not produced any evidence;
- (c) agree a letter to Mr Moorjani in response to his letter. I suggest that this letter be signed by David Hatt as President and CEO of DSI (the employer of Mr Moorjani). David Hatt has been briefed on this matter. I will draft the response letter for your review. Once agreed, that letter should be delivered to Mr Moorjani.

I also propose giving the draft notes of meeting to Frank Forelle to check for accuracy.